



Community Bank System to acquire Steuben Trust Corp.

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Syracuse, NY Community Bank System, Inc. and Steuben Trust Corp. have entered into a definitive agreement pursuant to which Community Bank System will acquire Steuben Trust Corp., parent company of Steuben Trust Co., in a stock and cash transaction representing total consideration valued at \$106.8 million. The transaction has been unanimously approved by the boards of directors of both companies.

This transaction will provide natural market enhancement and extension for both institutions, joining two high-quality, low-risk franchises with long histories of customer service, as well as a commitment to their communities. Steuben Trust provides Community Bank, N.A. with improved scale in several more Western New York markets, including Buffalo and Rochester, with total assets of nearly \$580 million, deposits of \$480 million and 15 branch offices across a six county area.

Under the terms of the agreement, shareholders of Steuben Trust Corporation will receive, for each share of common stock they own, a combination of \$12.60 cash and 0.8054 shares of Community Bank System common stock, for total consideration valued at approximately \$63.00 per share (based on Community Bank System's volume weighted average price of \$62.58 for the thirty trading day period ending October 15, 2019). This price represents approximately 167% of Steuben Trust Corporation's tangible book value as of June 30, 2019. The transaction is intended to qualify as a reorganization for federal income tax purposes, and as a result, the receipt of Community Bank System common stock by shareholders of Steuben Trust Corp. is expected to be tax-free.

"Our acquisition of Steuben Trust will enhance and extend our banking footprint in Western New York, in markets which we successfully compete in and aspire to continue to grow," said Mark Tryniski, president and CEO of Community Bank System. "Our move to establish a broader and deeper banking presence in this region is reflective of these growth objectives. We are confident that the Steuben Trust franchise will further support our efforts to grow our retail and business banking presence in Western New York. Steuben Trust has an impressive 117-year history of service to its customers, its communities and its shareholders, values which align closely with those of Community Bank. Equally important, our institutions have similar organizational values and cultures that respect and value the people that contribute to our success. We are delighted to welcome the Steuben Trust team to the Community Bank organization and look forward to the future of the combined company."

"The shareholders, customers and associates of Steuben Trust should benefit from our merger with Community Bank System, a financially strong and effectively managed institution," said Brenda

Copeland, chairman and CEO of Steuben Trust Corp. “Our customers will continue to receive the highly personalized service they expect, while having access to a greatly expanded set of products and services available from the larger combined organization with an extensive branch network. We are pleased to be able to enhance our service capacity in all of our current communities. Our employees benefit by becoming part of an organization which also values their commitment and contribution to the company’s growth and profitability and which offers additional opportunities for professional growth and advancement. We view our combination with Community Bank as a win for our stakeholders, and we look forward to working closely with their team to complete the combination.”

Upon completion of the transaction, the combined company is expected to have over \$12 billion in assets. Community Bank System expects the transaction to be \$0.08 - \$0.09 per share accretive to its first full year of GAAP earnings and \$0.09 to \$0.10 per share accretive to cash earnings, excluding one-time transaction costs.

The merger is expected to close in the second quarter of 2020 and is subject to customary closing conditions, including approval by the shareholders of Steuben Trust Corporation and required regulatory approvals.

D.A. Davidson & Co. Inc. acted as exclusive financial advisor to Community Bank System and Cadwalader, Wickersham & Taft LLP acted as its legal advisor. PNC FIG Advisory acted as exclusive financial advisor to Steuben Trust Corporation and Pillar Aught LLC acted as its legal advisor.

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